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SUBJECT: MEDIA REACTION: FINANCIAL CRISIS, CHINA'S POLICY

Editorial Quotes

11. FINANCIAL CRISIS

a. "U.S. plans to strengthen financial monitor"

The Beijing-based newspaper sponsored by official intellectual publication Guangming Daily and Guangdong Provincial official publication Nanfang Daily The Beijing News (Xin Jing Bao)(01/27):
"The Obama administration plans to make quick moves to strengthen U.S. financial supervision systems. Major financial departments and tools should be under the government supervision. Analysts indicate that the financial crisis has revealed that some reviewing institutions gave positive evaluations to high-risk financial tools or 'poisonous' financial products. Such behavior has worsened the financial crisis, severely frustrating investors' confidence in reviewing institutions. The Obama administration hopes to completely cut off relations between reviewing institutes and customers by establishing law. The system of senior staff's salaries in financial institutions is also one of the objectives of supervision measures."

b. "Currency remarks 'may reflect' policy shift"

The official English-language newspaper China Daily (01/29):
"Remarks by U.S. treasury secretary-elect Timothy Geithner that China is 'manipulating' its currency suggest the Obama administration will take a firm stance on its economic policies toward Beijing, local analysts said on Friday. ...
'The new US government seems to be harsher regarding China's exchange rate policy,' Sun Lijian, an economist with Fudan University, said. ...Such statements, along with the accusation about currency manipulation, are designed to pressure China to do more to help the crisis-battered US economy, he said. 'The U.S. is deep in recession,' Ma Ming, an economist with the Beijing Institute of Technology, said. 'It is in dire need of help from outside.' ...China's central bank said it had noted Geithner's remarks, media reported on Friday. If China toes the U.S. line (to let the yuan rise further), its exports will take another battering and its economy will worsen, analysts said. That would in return be detrimental to the U.S. and the world economy, Sun said. China's economic growth fell to 6.8 percent in the final quarter of last year, the lowest since 2001. The figures could fall again in the first quarter of this year, he said."

12. CHINA'S POLICY

"China's achievements in 2008 should be respected"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(01/27): "China has recently announced its GDP growth for 2008. The announcement has aroused completely different responses among domestic and foreign audiences. Chinese experts are confident about China's ability to maintain 8% GDP growth and its great potential for further development. Many foreigners, however,

doubt that China can do so. Nonetheless, neighboring countries and European countries have only had negative growth. Therefore, those who make negative comments about China's growth must simply be scared by the current financial crisis. They are looking down upon China's endurance. Western media is making pessimistic evaluation of China's economic growth. However, western countries' economic performance has been far worse than China's. The Chinese economy is comparatively calm, indicating that it has achieved its preset mission in 2008, maintaining the economic growth at 8%. Though the growth rate slid to 6.8% for the fourth quarter, experts believe the slide is a normal phenomenon. It is related to government-control policy adjustment. Along with the relaxed government policy, economic growth rate will rebound. China's GDP has overall reached 3 trillion yuan. Thus the current goal is just keeping a stable growth, no major ups and downs. China still has a great potential in development."

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